

Black youth key to TRANSFORM property industry

The sector is dominated by big players who are not adequately incentivised to open the space, writes **Jackline Okeyo**

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It is time for South Africans to rethink property education and training if we want to get more young black people into the sector.

An increasing number of black-owned companies have set up shop in the property sector, particularly in the provision of property services.

However, property ownership remains underrepresented when it comes to transformation because of the capital-intensive nature of the asset class.

Usually, mainly large commercial property companies have the resources to take advantage of most opportunities in this market.

The reality is that the commercial property sector remains relatively untransformed; preferential procurement points and enterprise development incentives set by sector codes are not enough to break down barriers to entry.

Lack of track record is often used as the pretext for not granting new black businesses an opportunity to participate.

Although the public sector has created opportunities for new players, payments are routinely delayed, resulting in precarious cash flow for smaller and privately-owned businesses which simply cannot afford the risk.

THE COMMERCIAL PROPERTY PICTURE

A 2016 study compiled for the Property Sector Charter Council revealed that the South African property sector is worth an astonishing R5.8 trillion, with commercial property making up about R1.3 trillion of the total.

The bulk of this, almost R790 billion, is held by corporates, followed by real estate investment trusts with R300 billion, unlisted funds at R130 billion, and life and pension funds at R50 billion.

As an asset class, property is long term and has the ability to provide both annuity income and growth in capital value for the investor.

When you consider the bricks and mortar aspect of property, there is a long value chain - from project conceptualisation, procurement of materials and construction, to property and facilities maintenance.

The potential for job creation and enterprise development is significant.

To grow black entrepreneurship, funding has to be made accessible.

At present, it is extremely difficult to raise capital.

But that is not the only challenge.

The sector is dominated by a handful of big players who are not adequately incentivised, or required, to open the space to emerging companies.

What is more, the sector is conservative and risk-averse, with much emphasis placed on experience.

This tends to penalise younger players trying to make inroads, whether in the entrepreneurial space or on the corporate ladder.

Combined with this set of circumstances is the reality that most young black people have limited generational wealth and networks in property.

These take decades to build.

ENVISIONING A CAREER IN PROPERTY

Young people in general don't always understand the depth of the sector and career opportunities that exist, particularly when one considers listed and unlisted commercial property.

There are many facets to property, beyond estate agency and property valuations.

Black youth, particularly in underresourced communities, need improved access to information, via the internet or career days at schools for example, with the participation of companies and tertiary institutions.

South Africa needs a platform to create a greater sense of awareness and exposure to the promise of property as a sector.

Industry bodies such as the Property Sector Charter Council, the Women's Property Network and the South African Institute of Black Property Professionals have already started with school initiatives to improve access to information.

More needs to be done along these lines.

The current education system has focused more on theory, and less on the practical skills required on the job.

Tertiary institutions need to make provision for students to obtain solid work experience as a prerequisite for their qualification.

Real-world case studies should also be part of the curriculum, to make students aware of the challenges faced by the sector, particularly at an undergraduate level.

Students leaving tertiary institutions should be equipped to step into the sector with an innovative attitude that can shake up the industry and drive greater entrepreneurship.

The market has placed more emphasis on experience and age over solid qualifications, which has done little to incentivise institutions to formalise their educational offerings, or to think out of the box to improve and change the status quo of the industry.

Postgraduate qualifications in the built environment are aimed mainly at new entrants and don't take into account the needs of young people already in the sector who have a burgeoning career in property and want to further their education.

As a result, industry associations have had to fill some of the gaps with short courses.

A WORLD OF OPPORTUNITY

The good news is that there are big opportunities out there.

There has been little innovation from an IT perspective, other than apps connecting property buyers and sellers.

We need technological improvements that can help landlords better manage their property portfolios by driving efficiencies; we need IT solutions that can have a significant impact on the bottom line.

This could be a good entry point for black youth interested in the industry.

Young people wanting to get into the sector need to identify companies where they can be interns or volunteer to gain exposure.

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